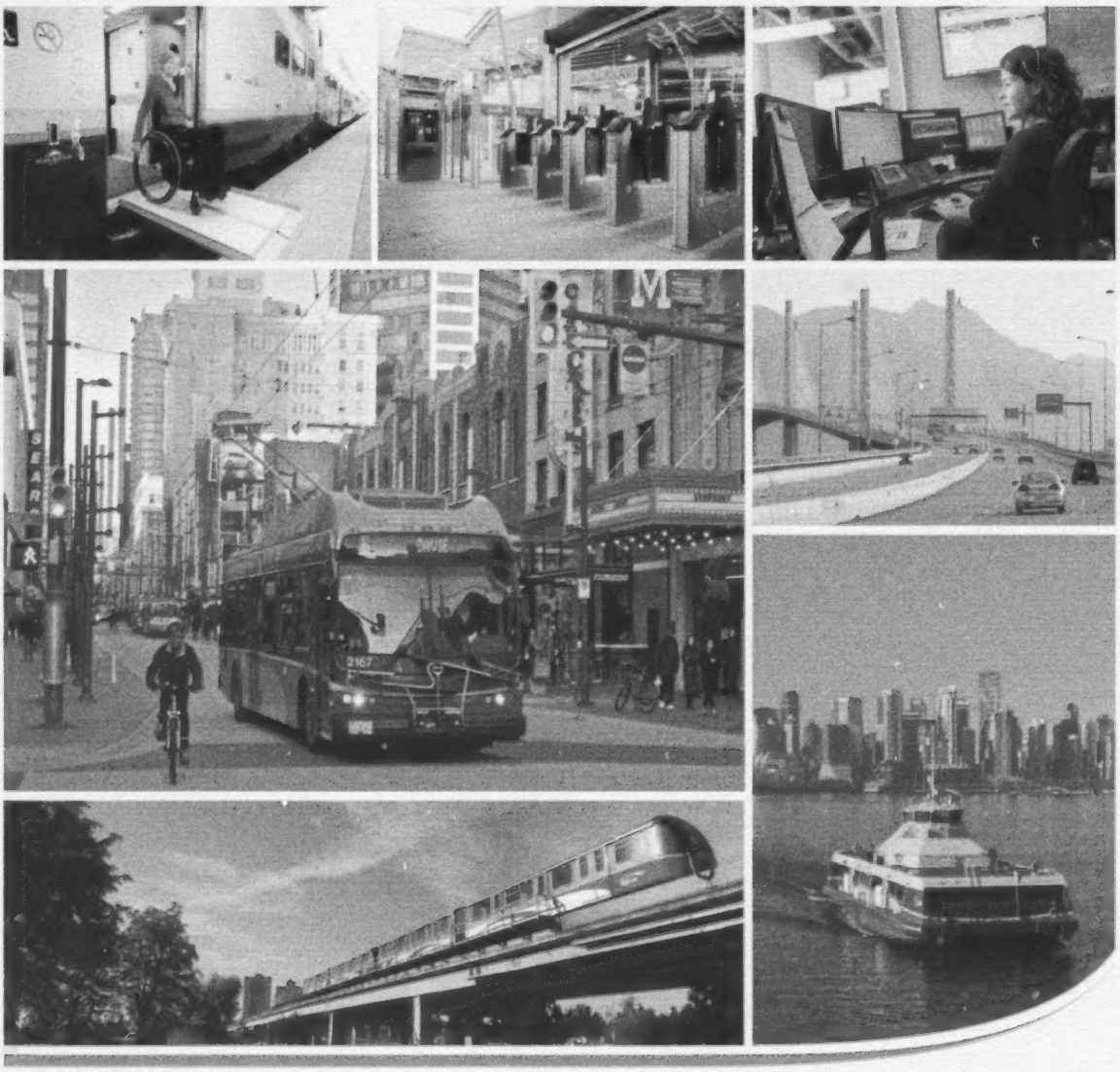
# 2013 THIRD QUARTER FINANCIAL AND PERFORMANCE REPORT



TRANSLINK

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**Caution Regarding Forward-Looking Statements**

From time to time, TransLink makes written and/or oral forward looking statements, including in this document, and in other communications. In addition, representatives of TransLink may make forward-looking statements orally to analysts, investors, the media and others.

Forward-looking statements, by their nature, require TransLink to make assumptions and are subject to inherent risk and uncertainties. In light of the uncertainty related to the financial, economic and regulatory environments, such risks and uncertainties, many of which are beyond TransLink's control, and the effects of which can be difficult to predict, may cause actual results to differ materially from the expectations expressed in the forward-looking statements.

## 1. Financial and Performance Summary

TransLink's third quarter results continue to demonstrate strong financial performance which resulted in a $44.5 million operating surplus year-to-date. The surplus is $89.5 million higher than budget primarily made up of timing differences of $34.2 million for capital infrastructure contributions to the municipalities, $7.3 million from increased revenue and $24.4 million in additional cost savings and $11.6 million in lower interest and depreciation costs beyond those anticipated in the budget. All financial and performance measures have been met or exceeded with the exception of the customer service performance rating. Customer satisfaction remains high but experienced a slight decline in the third quarter to 7.6 from its all-time high of 7.7.

This continued focus on efficiencies and cost savings has led TransLink to improve its current funded forecast from break-even in the second quarter to an $18 million surplus for the year. This provides more assurance for maintaining existing service levels in the near term and less reliance on sale of surplus properties.

TransLink continuously monitors its risks from economic factors as well as organizational and business changes and will adjust programs or draw on its cumulative reserve to protect service delivery for its customers.

**Strategy Focus and Highlights**

TransLink's balanced scorecard approach supporting its business planning process uses five strategic goals to align the organization: customer, financial, stakeholder, people, and internal effectiveness. For 2013, five strategic objectives have been identified to support these goals.

***Meet our customers' expectations in the implementation of Compass Card and Infrastructure upgrades***

The Compass Beta Test was completed with 10,000 members of the public accepted as testers, twice the number originally planned. Excellent feedback was obtained and adjustments are being made to the system to address known issues. A new, customer-oriented website was recently launched (AskCompass.ca) as part of the public education initiative to answer questions about the system. Further details of the rollout have been developed as TransLink prepares for its first public customers. Specific information outreach and education plans are being developed for each customer segment with particulars about the timing and transition process. The gradual transition will continue through to completion in 2014.

***Manage within our financial framework***

Operational savings have increased over the base plan and efforts continue on managing costs and increasing revenue. Additional revenue is being derived from real estate development on adjacent properties to our rapid transit lines.

***Increase stakeholder confidence in TransLink's ability to efficiently deliver and manage the regional transportation system***

TransLink met the statutory requirement to update its long-term strategy by August 1, 2013 and is now developing a 15-year implementation plan. This plan will be developed with significant stakeholder engagement.

***Actively engage employees to plan, fund, build and operate a sustainable transportation network***

We are supporting our employees to develop the skills required to manage in these times of change. Training for staff across the Enterprise included Resilience to Change, Conflict Resolution and Conflict Management for Managers.

***Improve efficiency and utilization of our resources***

TransLink is on track to exceed the scheduling and labour efficiency targets planned along with cost savings from fleet optimization. Service optimization changes for the year are almost double the 25,000 service hours planned and will result in increased revenues from higher utilization. The Rail Division has improved service deployment and reduced costs due to scheduling efficiencies.

## 2. Financial and Operating Summary with Update on Efficiencies

**FINANCIAL PERFORMANCE**

NINE MONTHS ENDING SEPTEMBER 30
*(all numbers in thousands except per unit calculations)*

| | | | Year over Year | | | Budget Variance | | |
|---|---|---|---|---|---|---|---|---|
| | YTD Actual 2012 | YTD Actual 2013 | Change | % | YTD Budget 2013 | Fav./ (Unfav.) | % | Annual Budget 2013 |
| Revenue | 1,064,927 | 1,073,449 | 8,522 | 0.8% | 1,066,193 | 7,256 | 0.7% | 1,467,872 |
| Expenditures | 1,024,199 | 1,028,904 | 4,705 | 0.5% | 1,111,111 | 82,207 | 7.4% | 1,532,359 |
| Excess of revenue & expenditures before funding adjustments | 40,728 | 44,545 | 3,817 | 9.4% | (44,918) | 89,463 | 199.2% | (64,487) |
| **FINANCIAL INDICATORS** | | | | | | | | |
| Cumulative funded surplus [1] | 309,387 | 325,778 | 16,391 | 5.3% | 249,552 | 76,226 | 30.5% | 215,117 |
| Capital assets | 4,368,180 | 4,453,281 | 85,101 | 1.9% | - | - | - | 4,778,077 |
| Net debt [2] | 1,973,370 | 1,824,086 | 149,284 | 7.6% | - | - | - | 2,174,199 |
| Deferred concessionaire credits and GEB contractor liability | 1,677,702 | 1,666,815 | 10,887 | 0.6% | - | - | - | 1,663,911 |
| Total net debt [3] | 3,651,072 | 3,490,901 | 160,171 | 4.4% | - | - | - | 3,838,110 |
| Gross interest cost as a % of operating revenue [4] | 14.6% | 13.8% | (0.8%) | (5.5%) | - | - | - | 14.0% |

[1] The cumulative funded surplus as calculated under the SCBCTA Act is the amount of resources available to fund future operations.

[2] Includes bonds, debentures, capital leases, short-term debt net of sinking funds and debt reserve deposits.

[3] Net debt + deferred concessionaire credits and GEB contractor liability.

[4] Operating revenue includes fares, taxation, and GEB toll revenue.

### Financial Performance and Indicators

Year-to-date surplus of $44.5 million is $3.8 million better than 2012 due to increased taxation and transit revenues offset by slightly higher expenditures.

Year-to-date revenues are $8.5 million (0.8 per cent) higher than last year and $7.3 million (0.7 per cent) higher than budget. The 2013 increase in revenues includes the allowable increase to property taxes permitted by legislation, the full year impact of two cents per litre increase in fuel tax implemented in April, 2012, and an increase in transit fares effective January 1, 2013. The 2012 results included a $41 million gain on disposal of real estate whereas in 2013 no real estate disposals have occurred nor are anticipated for the year. With this factored out, revenues are up $49.9 million (4.9 per cent) from the prior year.

Expenditures are only $4.7 million (0.5 per cent) higher than last year, well below the rate of inflation, and $82.2 million (7.4 per cent) favourable to budget. The favourable budget variance consists of timing differences of $34.2 million for contributions to the municipalities for the Major Road Network (MRN) and $24.4 million in savings realized from cost containment initiatives throughout the organization, $11.6 million in lower interest and depreciation costs and a delay in capital infrastructure payments and in consideration of theschedule for the Compass Project. It is anticipated that the timing differences for the MRN will balance out before yearend, however, with the revised schedule of the Compass project, most of these estimated start-up cost of $23 million will be deferred until 2014.

**OPERATING INDICATORS**

NINE MONTHS ENDING SEPTEMBER 30
*(all numbers in thousands except per unit calculations)*

| | YTD Actual 2012 | YTD Actual 2013 | Year over Year Change | Year over Year % | YTD Budget 2013 | Budget Variance Fav./ (Unfav.) | Budget Variance % | Annual Budget 2013 |
|---|---|---|---|---|---|---|---|---|
| **Scheduled Transit Service** | | | | | | | | |
| Overall Performance Rating (out of 10) | 7.7 | 7.6 | (0.1) | (1.3%) | 7.7 | (0.1) | (1.3%) | 7.7 |
| Service hours | 4,753 | 4,652 | (101) | (2.1%) | 4,684 | (32) | (0.7%) | 6,416 |
| Operating cost recovery | 52.1% | 56.9% | 4.8% | 9.2% | 53.7% | 3.2% | 6.0% | 49.6% |
| Operating cost per service hour | $ 138.68 | $ 137.55 | $ (1.13) | (0.8%) | $ 147.20 | $ 9.65 | 6.6% | $ 142.56 |
| Complaints per 1 million boarded passengers | 78.5 | 91.2 | 12.7 | 16.2% | 68.8 | (22.4) | (32.6%) | 74.3 |
| Capacity kilometres | 8,028,925 | 7,893,709 | (135,216) | (1.7%) | 7,794,208 | 99,502 | 1.3% | 10,845,599 |
| Operating cost per capacity kilometre | $ 0.082 | $ 0.081 | $ (0.001) | (1.2%) | $ 0.088 | $ 0.007 | 8.0% | $ 0.084 |
| **Access Transit Service** | | | | | | | | |
| Service hours | 440 | 442 | 2 | 0.5% | 449 | (6) | (1.3%) | 588 |
| Operating cost per service hour | $ 80.59 | $ 81.98 | $ 1.39 | 1.7% | $ 82.33 | $ 0.35 | 0.4% | $ 80.67 |
| Complaints per 1 million boarded passengers | 961.9 | 1,022.9 | 61.0 | 6.3% | 865.3 | (157.6) | (18.2%) | 790.1 |
| **Golden Ears Bridge** | | | | | | | | |
| Crossings | 8,099 | 8,301 | 202 | 2.5% | 8,536 | (235) | (2.8%) | 11,523 |
| Average toll per crossing | $ 3.61 | $ 3.58 | $ (0.02) | (0.7%) | $ 3.50 | $ 0.08 | 2.3% | $ 3.48 |

## Operating Indicators

### Scheduled Transit Service (Conventional)

Service hours are lower year-to-date than last year reflecting less weekday service days than 2012 and efficiency improvements that reduced non-revenue service hours for buses without impacting the service delivered to customers.

Complaints per million boarded passengers have increased over last year largely due to tariff changes, Compass testing related complaints, and service adjustments.

Capacity kilometres are lower in 2013 reflecting a change in the fleet mix to better match capacity with demand.

Operating cost per capacity kilometre is slightly lower than 2012 year-to-date, and is showing a favourable variance to budget of 8.0 per cent reflecting continued focus on cost reductions and initiatives.

### Access Transit Service

Service hours are expected to be on budget at year end.

Operating costs per service hour are higher in 2013 year-to-date compared to 2012 due to lower reported service hours from the taxi supplement pilot that converted HandyDART hours to taxi service.

# 3. Consolidated Statement of Operations Analysis

## Consolidated Revenues

| Consolidated Revenues | Q3 Actual 2012 | Q3 Actual 2013 | Year over Year Change | Year over Year % | Q3 Budget 2013 | YTD Budget Variance Fav./ (Unfav.) | YTD Budget Variance % | Q3 Forecast 2013 | Annual Budget 2013 | Annual Forecast Variance Fav./ (Unfav.) | Annual Forecast Variance % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Taxation | 528,984 | 548,942 | 19,958 | 3.8% | 538,465 | 10,477 | 1.9% | 730,599 | 721,627 | 8,972 | 1.2% |
| Transit | 344,678 | 371,414 | 26,736 | 7.8% | 372,101 | (687) | (0.2%) | 500,712 | 500,616 | 96 | 0.0% |
| Golden Ears Bridge Tolls | 29,223 | 29,752 | 529 | 1.8% | 29,906 | (154) | (0.5%) | 39,515 | 40,111 | (596) | (1.5%) |
| Emissions Testing | 15,774 | 15,404 | (370) | (2.3%) | 15,764 | (360) | (2.3%) | 19,798 | 20,158 | (360) | (1.8%) |
| Transfers from other governments | 60,489 | 62,489 | 2,000 | 3.3% | 64,281 | (1,792) | (2.8%) | 82,567 | 85,905 | (3,338) | (3.9%) |
| Amortization of deferred concessionaire credit | 17,471 | 17,407 | (64) | (0.4%) | 17,248 | 159 | 0.9% | 23,238 | 23,078 | 159 | 0.7% |
| Interest Income | 22,632 | 24,807 | 2,175 | 9.6% | 27,127 | (2,321) | (8.6%) | 32,960 | 36,728 | (3,768) | (10.3%) |
| Miscellaneous revenue | 4,446 | 3,375 | (1,070) | (24%) | 1,301 | 2,074 | 159.4% | 4,776 | 1,713 | 3,063 | 178.8% |
| Revenue before Gain/Loss on disposal of asset | 1,023,697 | 1,073,590 | 49,893 | 4.9% | 1,066,193 | 7,396 | 0.7% | 1,434,164 | 1,429,936 | 4,228 | 0.3% |
| Gain on disposal | 41,230 | (141) | (41,371) | - | - | (141) | - | - | 13,000 | (13,000) | (100.0%) |
| PSAB/GAAP Total | 1,064,927 | 1,073,449 | 8,522 | 0.8% | 1,066,193 | 7,255 | 0.7% | 1,434,164 | 1,442,936 | (8,772) | (0.6%) |
| Funding Adjustments: | | | | | | | | | | | |
| Emissions Testing | (15,774) | (15,404) | 370 | 2.3% | (15,764) | 360 | 2.3% | (19,798) | (20,158) | 360 | 1.8% |
| Transfers from other governments | (45,549) | (47,760) | (2,212) | (4.9%) | (49,806) | 2,046 | 4.1% | (62,782) | (66,408) | 3,626 | 5.5% |
| Amortization of deferred concessionaire credit | (17,471) | (17,407) | 64 | 0.4% | (17,248) | (159) | (0.9%) | (23,238) | (23,078) | (159) | (0.7%) |
| Interest Income | (19,859) | (21,378) | (1,518) | (7.6%) | (22,110) | 733 | 3.3% | (28,392) | (29,392) | 1,000 | 3.4% |
| Funded Total | 966,274 | 971,500 | 5,226 | 0.5% | 961,265 | 10,235 | 1.1% | 1,299,964 | 1,303,899 | (3,946) | (0.3%) |

## Overview

For the nine months ending September 2013, revenues before gain on disposal are $49.9 million (4.9 per cent) higher than last year largely due to increases in taxation and transit revenues. Year-to-date revenues are $7.4 million (0.7 per cent) favourable to budget which is driven by higher taxation revenue. At year end revenues are forecast to be $8.8 million (0.6 per cent) below budget primarily caused by a delay in the sale of surplus property.

## Taxation

| Taxation Revenues | YTD Actual 2012 | YTD Actual 2013 | Year over Year Change | Year over Year % | YTD Budget 2013 | YTD Budget Variance Fav./ (Unfav.) | YTD Budget Variance % | Q3 Forecast 2013 | Annual Budget 2013 | Annual Forecast Variance Fav./ (Unfav.) | Annual Forecast Variance % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Fuel tax | 245,596 | 256,929 | 11,333 | 4.6% | 248,763 | 8,166 | 3.3% | 341,569 | 335,136 | 6,433 | 1.9% |
| Property and replacement tax | 229,048 | 235,554 | 6,505 | 2.8% | 235,516 | 38 | 0.0% | 314,064 | 314,064 | (0) | (0.0%) |
| Parking rights tax | 40,102 | 42,152 | 2,051 | 5.1% | 39,713 | 2,440 | 6.1% | 55,615 | 52,910 | 2,705 | 5.1% |
| Hydro levy | 14,239 | 14,307 | 68 | 0.5% | 14,474 | (167) | (1.2%) | 19,351 | 19,518 | (167) | (0.9%) |
| Total taxation | 528,984 | 548,942 | 19,958 | 3.8% | 538,465 | 10,477 | 1.9% | 730,599 | 721,627 | 8,972 | 1.2% |

As permitted by the *South Coast British Columbia Transportation Authority (SCBCTA) Act*, TransLink raises funds by means of taxation.

***Year over Year***

**Fuel tax** revenues increased by $11.3 million (4.6 per cent) over 2012, due in part to a two cents per litre increase which was implemented in April 2012. Total net volumes reported by the Consumer Taxation Branch (CTB), in TransLink's region, for the first eight months increased by 2.0 per cent compared to the same period in 2012. The increase is attributable to high commercial diesel sales within TransLink's region. Gasoline sales as reported by CTB are consistent with reported retail sales volumes; both sources reported a Year over Year decline of approximately 1.7 per cent. Adjustments to reported revenue from CTB can take up to four years which makes this revenue source very volatile and difficult to predict.

**Property tax and replacement tax** revenue increased by $6.5 million (2.8 per cent) over 2012, which is in-line with the three per cent annual increase; the legislated allowable maximum.

**Parking rights taxes** revenues for the third quarter of 2013 were $2.1 million (5.1 per cent) higher than the same period in 2012. This increase is due to both increase in number of vendors submitting and an increase in the value remitted.

***Actual vs. Budget and Forecast***

**Fuel tax** revenues for 2013 are forecast to be $6.4 million (1.9 per cent) higher than budget. The weakening of the Canadian dollar has possibly lead to less leakage to the U.S. and, along with the strong wholesale diesel sales, has resulted in a positive impact on fuel sales compared to budget. CTB reported volumes are known to experience large month-to-month fluctuations, therefore the remaining year forecast, while still recognizing growth in diesel, is intentionally conservative.

**Parking rights tax** revenues are forecast to end the year $2.7 million (5.1 percent) higher than budget and $1.0 million (1.8 per cent) higher than the mid-year forecast had predicted.

## Transit

| Transit Revenues | YTD Actual 2012 | YTD Actual 2013 | Year over Year Change | Year over Year % | YTD Budget 2013 | YTD Budget Variance Fav./ (Unfav.) | YTD Budget Variance % | Q3 Forecast 2013 | Annual Budget 2013 | Annual Forecast Variance Fav./ (Unfav.) | Annual Forecast Variance % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Transit - fares | | | | | | | | | | | |
| Farebox | 83,500 | 83,906 | 406 | 0.5% | 71,697 | 12,209 | 17.0% | 111,185 | 90,861 | 20,325 | 22.4% |
| Prepaid fares | 190,195 | 208,165 | 17,970 | 9.4% | 224,159 | (15,994) | (7.1%) | 277,954 | 302,080 | (24,127) | (8.0%) |
| prepaid contract | 62,182 | 68,917 | 6,735 | 10.8% | 64,313 | 4,604 | 7.2% | 97,623 | 91,644 | 5,979 | 6.5% |
| Total transit fares | 335,877 | 360,987 | 25,111 | 7.5% | 360,169 | 819 | 0.2% | 486,762 | 484,585 | 2,177 | 0.4% |
| Transit - other | 8,801 | 10,426 | 1,625 | 18.5% | 11,932 | (1,506) | (12.6%) | 13,950 | 16,032 | (2,081) | (13.0%) |
| Total transit revenue | 344,678 | 371,414 | 26,736 | 7.8% | 372,101 | (687) | (0.2%) | 500,712 | 500,616 | 96 | 0.0% |

### *Year over Year*

**Transit revenues** consist of transit fares and other revenues such as fare infraction payments and transit advertising. Transit revenues year-to-date increased by $26.7 million (7.8 per cent) compared to 2012. The January 1, 2013 fare increase accounts for most of this positive year over year gain.

### *Actual vs. Budget and Forecast*

**Transit fares** year-to-date is slightly ahead of budget and is forecasted to be $2.2 million higher than budget by the end of the year.

**Other Transit** revenue is forecasted to be $2.1 million below budget largely due to the implementation-schedule of TransLink's park and ride pricing policy.

## Golden Ears Bridge Tolls

### *Year-over-Year*

Toll revenues year-to-date increased by $0.5 million (1.8 per cent) over 2012 with 200,000 (2.5 per cent) more crossings.

### *Actual vs. Budget and Forecast*

Year-to-date toll revenues were $0.2 million (0.5 percent) below budget as actual vehicle crossings were lower than expected; this is partially offset by higher average toll rates. Full year estimates for the toll revenues are expected to be $0.6 million (1.5 per cent) below budget.

## Government Transfers

Government transfers are received for the purpose of both capital projects and for funding towards the Canada Line operations. The funding for capital projects is restricted until the asset is placed in service at which time the revenue is then recognized as per the agreement. All variances are related to timing of projects.

## Interest Income

### *Year over Year*

Interest income increased $2.2 million (9.6 per cent) over 2012. This is due to higher sinking fund contributions and higher cash balances in 2013.

### *Actual vs. Budget and Forecast*

Interest income year-to-date was $2.3 million (8.6 per cent) lower than budget due to lower than forecast interest rates. At year-end it is expected that interest income will be $3.8 (10.3 per cent) below budget.

## Funding Adjustments

Funding adjustments are the changes required to the income statement to calculate the cumulative funded surplus under the SCBCTA Act, which is defined as the amount of resources available to fund future operations.

## Consolidated Expenses by Segment

| Consolidated Expenditures by Segment | YTD Actual 2012 | YTD Actual 2013 | Year over Year Change | Year over Year % | YTD Budget 2013 | YTD Budget Variance Fav./(Unfav.) | YTD Budget Variance % | Q3 Forecast 2013 | Annual Budget 2013 | Annual Forecast Variance Fav./(Unfav.) | Annual Forecast Variance % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| AirCare | 12,374 | 12,020 | (354) | (2.9%) | 12,706 | 706 | 6.0% | 16,958 | 17,163 | 203 | 4.1% |
| Bus division | 466,117 | 463,360 | (2,756) | (0.6%) | 479,446 | 16,085 | 3.4% | 622,296 | 640,556 | 18,260 | 2.9% |
| Corporate | 40,407 | 47,628 | 7,220 | 17.9% | 51,591 | 3,964 | 7.7% | 79,899 | 100,935 | 21,036 | 20.8% |
| Rail division | 177,407 | 178,694 | 1,287 | 0.7% | 186,974 | 8,280 | 4.4% | 241,951 | 251,081 | 9,130 | 3.6% |
| Roads & Bridges | 57,013 | 51,137 | (5,876) | (10.3%) | 90,819 | 39,683 | 43.7% | 113,958 | 126,458 | 12,499 | 9.9% |
| Transit Police | 20,000 | 21,374 | 1,374 | 6.9% | 23,198 | 1,824 | 7.9% | 30,410 | 31,224 | 886 | 2.8% |
| Depreciation and Interest * | 250,882 | 254,691 | 3,809 | 1.5% | 266,297 | 11,606 | 4.4% | 341,636 | 356,985 | 15,349 | 4.3% |
| PSAB/GAAP Total | 1,024,199 | 1,028,904 | 4,705 | 0.5% | 1,111,112 | 82,208 | 7.4% | 1,446,617 | 1,524,400 | 77,783 | 5.1% |
| Funding Adjustments: | | | | | | | | | | | |
| AirCare | (12,374) | (12,020) | 354 | 2.9% | (12,685) | (665) | (6.7%) | (16,458) | (17,293) | (835) | (4.8%) |
| Corporate | (65) | (229) | (164) | (254.0%) | (72) | 157 | - | (88) | (101) | (15) | (14.5%) |
| Roads & Bridges | (20,286) | (20,468) | (183) | (0.9%) | (54,619) | (34,150) | (62.5%) | (71,892) | (72,825) | (933) | (1.3%) |
| Depreciation and Interest | (161,074) | (167,537) | (6,463) | (4.0%) | (174,035) | (6,498) | (3.7%) | (224,634) | (232,220) | (7,586) | (3.3%) |
| Debt Repayment | 72,633 | 69,718 | (2,915) | (4.0%) | 75,922 | 6,204 | 8.2% | 93,375 | 106,627 | 13,252 | 12.4% |
| GEB Capital Payments | 40,674 | 40,997 | 323 | 0.8% | 41,290 | 293 | 0.7% | 54,911 | 55,204 | 293 | 0.5% |
| In-house Insurance (TPCC) | 899 | 1,150 | 251 | - | - | (1,150) | - | - | - | - | - |
| Funded Total | 944,607 | 940,515 | (4,092) | (0.4%) | 986,713 | 46,198 | 4.7% | 1,281,833 | 1,363,793 | 81,960 | 6.0% |

* Shown as a separate line to help facilitate analysis of debt service costs as GAAP statements allocate these amounts to the various segments

### *Year over Year*

For the first nine months of 2013, expenditures were $4.7 million (0.5 per cent) higher than 2012.

Bus Division operating expenditures were $2.8 million (0.6 per cent) lower than last year. Savings from cost efficiency initiatives offset other contractual and economic increases and higher fuel costs. Labour costs decreased due to scheduling efficiencies, cost containment initiatives that reduced overall staffing levels, and a WorkSafe BC Certificate of Recognition refund. Service levels for 2013 include the full annual impact of service added in April and December 2012 and the September 2013 introduction of new B-Line service in Surrey linking Guildford and Newton Exchanges.

Excluding a provision for a delay in the sublease of the Gateway tower and one-time costs for the move to Sapperton, Corporate expenditures were $3 million lower than 2012.

Rail Division expenditures were $1.3 million (0.7 per cent) higher due to increased hydro costs, inflationary Canada Line payments, general economic increases and additional costs from the transition to PST. These increases were offset by lower property tax resulting from a reclassification of the SkyTrain maintenance facility, scheduling efficiencies and the daytime weekend service reductions on the Expo and Millennium Lines.

Roads and Bridges operating expenses were $5.9 million (10.3 per cent) lower than last year due to the timing of invoicing by municipalities. The municipalities govern when the work is done in their jurisdictions and work schedules are dependent on many factors.

Transit Police operating expenditures increased $1.4 million (6.4 per cent) over 2012 due to length of service increases, benefit costs associated directly to Transit Police, mandatory training costs and leasing costs.

Depreciation and interest was $3.8 million (1.5 per cent) higher than 2012 as a result of an increase in assets resulting in higher amortization partially offset by a reduction in interest expense resulting from less debt.

**Actual vs. Budget**

A favourable variance of $82.2 million (7.4 per cent) to budget year-to-date resulted mainly from $34.2 million in timing differences for capital infrastructure payments for Roads and Bridges along with cost savings in the bus and rail divisions and lower depreciation and interest.

The Bus Division operating expenditures were $16.1 million (3.4 per cent) lower than budget. Favourable variances resulted from lower wages and salaries due to continued efficiencies in the delivery of service, management of overtime and staffing levels and temporary position vacancies, reduced benefit costs due to lower rates and usage, and a WorkSafe BC Certificate of Recognition refund. Fuel and Insurance costs are favourable due to lower than planned diesel prices and vehicle insurance rates as well as lower property lease cost. Allocated costs for fare products were lower due to the timing of compass card implementation.

Corporate expenditures were $4.0 million (7.7 per cent) lower than budget. Favourable variances resulted from lower costs related to the move to the new Sapperton office, lower salaries due to vacancies, as well as reductions in professional fees related to feasibility studies. These were offset by a provision for a delay in the sublease of Gateway offices.

Rail Division operating expenditures were $8.3 million (4.4 per cent) below budget due to lower than expected inflationary increase in contractual Canada Line payments, lower diesel fuel rate increases, hiring delays, and the timing of Compass implementation.

Roads and Bridges expenditures were $39.7 million (43.7 per cent) below budget due to the timing of invoicing from municipalities and lower spending on the Pattullo Bridge feasibility study.

Transit Police favourable budget variance of $1.8 million (7.9 per cent) is mainly due to staff vacancies and timing of benefit costs. Transit Police has increased recruitment efforts to fill the vacancies and expects to have the majority filled by the end of 2013. Timing differences account for the balance of the favourable variance.

Depreciation and interest was $11.6 million (4.4 per cent) lower than budget due to the timing of project completions, a number of cancelled projects and lower interest costs as the budget assumed earlier borrowing.

**Forecast**

Expenditures are forecast to be under budget at year end by $77.8 million (5.1 per cent). Cost saving initiatives and most favourable variances will continue for the year, however, with the phased in approach to the implementation of Compass Card, approximately $23 million in one-time costs originally expected in 2013 will be deferred into 2014.

## Consolidated Expenses by Category

| Consolidated Expenditures by Category | YTD Actual 2012 | YTD Actual 2013 | Year over Year Change | Year over Year % | YTD Budget 2013 | YTD Budget Variance Fav./ (Unfav.) | YTD Budget Variance % | Q3 Forecast 2013 | Annual Budget 2013 | Annual Forecast Variance Fav./ (Unfav.) | Annual Forecast Variance % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Administration | 17,611 | 17,799 | 188 | 1.1% | 22,232 | 4,433 | 19.9% | 28,631 | 30,512 | 1,881 | 6.2% |
| AirCare | 12,374 | 12,020 | (354) | (2.9%) | 12,786 | 766 | 6.0% | 16,458 | 17,161 | 703 | 4.1% |
| Amortization of Capital Assets | 116,928 | 123,907 | 6,979 | 6.0% | 132,026 | 8,120 | 6.1% | 166,858 | 176,770 | 9,912 | 5.6% |
| Capital Infrastructure contributions | 20,286 | 20,468 | 183 | 0.9% | 54,619 | 34,150 | 62.5% | 71,892 | 72,825 | 933 | 1.3% |
| Contracted Services | 140,830 | 141,215 | 385 | 0.3% | 147,222 | 6,007 | 4.1% | 189,467 | 218,055 | 28,588 | 13.1% |
| Fuel and Power | 49,950 | 51,663 | 1,713 | 3.4% | 52,981 | 1,318 | 2.5% | 69,373 | 70,928 | 1,555 | 2.2% |
| Insurance | 13,569 | 13,047 | (522) | (3.8%) | 15,634 | 2,587 | 16.5% | 18,995 | 20,911 | 1,915 | 9.2% |
| Interest | 133,953 | 130,784 | (3,169) | (2.4%) | 134,271 | 3,486 | 2.6% | 174,778 | 180,215 | 5,437 | 3.0% |
| Maintenance, Materials and Utilities | 83,292 | 75,036 | (8,196) | (9.8%) | 76,305 | 1,269 | 1.6% | 103,452 | 108,580 | 5,128 | 4.7% |
| Professional and Legal | 10,740 | 8,691 | (2,049) | (19.1%) | 18,142 | 9,451 | 52.1% | 18,460 | 26,386 | 7,926 | 30.0% |
| Rentals, Leases and Property Tax | 27,526 | 37,496 | 9,970 | 36.2% | 33,726 | (3,770) | (11.2%) | 47,292 | 44,306 | (2,987) | (6.7%) |
| Salaries, Wages and Benefits | 397,139 | 396,110 | (1,029) | (0.3%) | 411,167 | 15,057 | 3.7% | 540,960 | 557,751 | 16,791 | 3.0% |
| Provision for Asset Valuation | | 605 | 605 | - | - | (605) | - | 605 | | (605) | 0.0% |
| PSAB/GAAP Total | 1,024,199 | 1,028,904 | 4,705 | 0.5% | 1,111,112 | 82,208 | 7.4% | 1,446,617 | 1,524,400 | 77,783 | 5.1% |
| Funding Adjustments: | | | | | | | | | | | |
| AirCare | (12,374) | (12,020) | 354 | 2.9% | (12,885) | (865) | (6.7%) | (16,458) | (17,293) | (835) | (4.8%) |
| Amortization of Capital Assets | (110,976) | (117,265) | (6,288) | (5.7%) | (123,490) | (6,225) | (5.0%) | (157,341) | (164,653) | (7,313) | (4.4%) |
| Government Funding Admin/Non-capitalizable projects | (65) | (229) | (164) | (254.0%) | (72) | 157 | 217.3% | (86) | (101) | (15) | (14.5%) |
| Interest | (50,098) | (50,272) | (175) | (0.3%) | (50,545) | (273) | (0.5%) | (67,293) | (67,566) | (273) | (0.4%) |
| GEB Capital Payments | 40,674 | 40,997 | 323 | 0.8% | 41,290 | 293 | 0.7% | 54,911 | 55,204 | 293 | 0.5% |
| MRN Capital Funding | (20,286) | (20,468) | (183) | (0.9%) | (54,619) | (34,150) | (62.5%) | (71,892) | (72,825) | (933) | (1.3%) |
| Principle Repayments | 59,221 | 55,327 | (3,894) | (6.6%) | 55,332 | 5 | 0.0% | 72,798 | 72,803 | 5 | 0.0% |
| Debt Repayment Reserves | 13,412 | 14,391 | 979 | 7.3% | 20,590 | 6,199 | 30.1% | 20,577 | 33,824 | 13,248 | 39.2% |
| In-house Insurance (IPCC) | 899 | 1,150 | 251 | - | - | (1,150) | - | - | - | - | - |
| Funded Total | 944,607 | 940,515 | (4,092) | (0.4%) | 986,713 | 46,198 | 4.7% | 1,281,833 | 1,363,793 | 81,960 | 6.0% |

### *Year over Year*

Amortization of capital assets increased $7.0 million (6.0 per cent) as total capital assets have increased over 2012.

Interest costs were $3.2 million (2.4 per cent) lower in 2013 as older long-term debt with higher interest rates were matured or settled early. Early settlements were funded out of debt raised which was borrowed at historically low interest rates.

Maintenance, materials and utilities are $8.2 million (9.8 per cent) lower than 2012 largely due to the timing of invoicing roads and bridges maintenance costs and cost containment initiatives within the bus and rail divisions.

Professional and legal costs are $2.0 million (19.1 per cent) lower due to reduced feasibility study costs.

Excluding the one-time costs for the Sapperton office move and a provision for the delay in the sublease of the Gateway offices, Rentals, Leases and Property Tax costs have decreased $0.2 million over 2012. Property taxes were $1.0 million lower than 2012 due to a successful appeal for a reassessment of the SkyTrain maintenance facility.

Salaries, wages and benefits are lower by $1.0 million (0.3 per cent) than 2012 year-to-date. This is driven by scheduling efficiencies, cost containment initiatives and a WorkSafe BC refund offset by economic increases.

**Actual vs. Budget and Forecast**

Year-to-date expenditures are $82.2 million (7.4 per cent) lower than budget. Of this amount, $34.2 million relates to the timing of capital infrastructure payments. By yearend expenditures are expected to be $77.8 million (5.1 per cent) lower than budget of which approximately $23 million are Compass one-time costs that have been delayed to 2014.

Lower administration costs of $4.4 million (19.9 per cent) were incurred compared to budget year-to-date primarily due to the timing of expenditures, in particular lower fare media costs which are impacted by the timing of compass card rollout.

Amortization of capital assets is $8.1 million (6.1 per cent) under budget due to the timing of completion of capital projects, and forecasted to be $9.9 million (5.6 per cent) lower than budget for the year.

Contracted services are $6.0 million (4.1 per cent) under budget with Canada Line performance payments being lower than budget by $2.0 million due to lower than expected inflationary increases. Compass Card costs are down due to timing which will drive costs into 2014. The forecast for the year is $28.6 million (13.1 per cent) favourable to budget.

Fuel and power costs are lower due to lower diesel prices and hydro usage.

Insurance costs are lower due to lower rates as a result of a reduction in claims.

Interest costs are $3.5 million (2.6 per cent) lower than budget due to later than budgeted borrowing. The forecast for year-end is for interest expense to be $5.4 million (3.0 per cent) under budget.

Professional and legal costs are $9.5 million (52.1 per cent) lower than budget due to the timing of studies and other one-time projects.

Rentals, Leases and Property Taxes are $3.7 million (11.2 per cent) higher than budget due to the provision for the sublease.

Salaries, wages and benefits are $15.1 million (3.7 per cent) favourable to budget due to cost containment initiatives and scheduling efficiencies in the Bus Division. Also included in this variance is the result of vacant positions throughout the organization. The forecast for year-end is to be $16.8 million (3.0 per cent) under budget.

## 4. Investment in Capital Assets

**Capital Program Summary – September 30, 2013**

**($ amounts in thousands)**

| | | Budgets | Forecasts/Variances | | | |
|---|---|---|---|---|---|---|
| Description | Number of Projects | A Current | 2013 Actuals and Forecasts | B Final Forecast Total | A - B Variance to Current Budget | Government Funding |
| **Total of all Active Projects (including Substantially Complete) and Approved in Principle (AiP) Projects as at Jan 01 2013** | **199** | **2,140,127** | **456,250** | **2,099,691** | **40,436** | **670,818** |
| Add: Adhoc Projects | 10 | 7,116 | 1,160 | 6,638 | 478 | - |
| Less: Projects Closed during 2013 | (26) | (72,499) | (1,283) | (62,845) | (9,654) | (4,100) |
| Budget Changes | | (33,680) | (36,273) | (42,331) | 8,651 | 31,680 |
| AiP Projects Cancelled in 2013 | (23) | (7,581) | (7,227) | (7,581) | - | |
| Substantially Complete | (40) | (789,502) | (60,565) | (770,782) | (18,720) | (294,343) |
| Actual Costs and Forecast Changes | | | (143,677) | 11,398 | (11,398) | |
| **Total Capital Program (excl Substantially Complete)** | **120** | **1,243,981** | **208,385** | **1,234,188** | **9,793** | **404,055** |
| Active Projects (excl Substantially Complete) A: | 86 | 1,139,619 | 205,708 | 1,129,825 | 9,794 | 404,055 |
| AiP Projects as on September 30 2013 B: | 34 | 104,362 | 2,677 | 104,363 | (1) | - |
| **Total Capital Program (excl Substantially Complete) A+B:** | **120** | **1,243,981** | **208,385** | **1,234,188** | **9,793** | **404,055** |

***Closed Projects***

A total of 26 projects with an aggregate cost of $62.8 million and an aggregate budget of $72.5 million were completed and closed up to September 30, 2013. These projects had a total favourable variance of $9.7 million. TransLink regularly monitors the budgeted contingencies to ensure levels are appropriate. Of the projects closed in 2013, contingency made up 8.2 per cent of the total budget and 5.5 per cent was utilized.

***Cancelled Projects***

A total of 23 AIP projects with a current budget of $7.6 million have been cancelled from the 2013 program. These projects were reviewed for risk, prioritized and cancelled to proactively manage costs, to rebalance spare ratios or resource capacity.

***Substantially Complete Projects***

Forty projects with a total cost of $770.8 million and a related budget of $789.5 million were deemed substantially complete and in the final stages of project activity, with approximately $10.3 million remaining to be spent. The total expected favourable variance for these projects is $18.7 million or 2.4 per cent.

## Active Projects

**($ amounts in thousands)**

| Active Projects (excluding substantially complete) ($ amounts in thousands) | | Budgets | | Forecasts/Variances | | | |
|---|---|---|---|---|---|---|---|
| | Number of Projects | Original | A Current | 2013 Actuals and Forecast | B Final Forecast Total | A - B Variance to Current Budget | Government Funding |
| Equipment | 16 | 12,910 | 12,911 | 4,743 | 12,294 | 617 | - |
| Facilities | 21 | 195,046 | 189,299 | 13,759 | 188,520 | 779 | 103,643 |
| Infrastructure | 24 | 306,642 | 342,369 | 96,557 | 337,572 | 4,797 | 161,261 |
| Major Construction | 1 | 418,192 | 402,841 | 63,238 | 403,016 | (175) | - |
| Technology Applications | 14 | 31,924 | 33,251 | 10,790 | 30,217 | 3,034 | 3,004 |
| Vehicle - Non-Revenue | 2 | 627 | 627 | 335 | 627 | - | - |
| Vehicle - Other | 2 | 13,140 | 14,685 | 10,840 | 14,185 | 500 | 12,276 |
| Vehicle - Convention Revenue | 6 | 145,258 | 143,636 | 5,446 | 143,394 | 242 | 123,871 |
| **Grand Total** | **86** | **1,123,739** | **1,139,619** | **205,708** | **1,129,825** | **9,794** | **404,055** |

As at September 30, 2013, there were 86 active projects with a current budget of $1.1 billion. The forecasted active project variance of $9.8 million or 0.9 per cent was primarily made up of the following projects:

***Infrastructure: Variance of $4.8 million or 1.4 per cent of the related Current Budget***

The major components of this variance are:

- The Pattullo Bridge Short Term Rehabilitation Project (112004) being under budget by $1.9 million due to unused contingency.
- The Trolley Overhead Rectifier Station Replacement Project (0908) being under budget by $2.5 million due to savings in rectifier construction, installation, and unused contingency.

***Technology Applications: Variance of $3.0 million or 9.1 per cent of the related Current Budget***

The major components of this variance are:

- The SkyTrain Switch Control RCIU Replacement Project (123005) being under budget by $1.2 million due to savings in contract award.
- The SkyTrain Fibre Optic System Upgrade Project (0905) being under budget by $0.5 million due to unused contingency.

**Approval in Principle Projects**

At the period ending September 30, 2013, there were 34 projects that had not yet started with a total Approval in Principle (AiP) budget of $104.4 million. The largest projects are the Metrotown Station and Exchange Upgrade Construction with a budget of $35.0 million, Commercial-Broadway SkyTrain Station Phase 2 Upgrade Construction with a budget of $32.2 million, and New Westminster SkyTrain Station Upgrade with a budget of $9.0 million.

The remaining projects include TransLink projects such as various SkyTrain station upgrade designs and IT replacement/enhancement projects totalling $10.9 million; Rail projects such as Linear Induction Motor rail replacement and elevator and SkyBridge improvements totalling $8.8 million; and Bus projects such as facilities and infrastructure improvements and technology equipment replacements totalling $8.4 million.

## 5. Changes in Financial Position

Changes in Financial Position as at September 30, 2013
(in thousands of dollars)

| | September 30 2013 | December 31 2012 | Change from 2012 | % Change |
|---|---|---|---|---|
| **FINANCIAL ASSETS** | | | | |
| Cash | $ 209,377 | $ 187,093 | $ 22,284 | 11.9% |
| Accounts receivable | 72,546 | 107,037 | (34,491) | -32.2% |
| Restricted cash and investments | 431,466 | 359,896 | 71,570 | 19.9% |
| Investments | 148,739 | 114,271 | 34,468 | 30.2% |
| Debt reserve deposits | 40,697 | 41,263 | (566) | -1.4% |
| **LIABILITIES** | | | | |
| Accounts payable and accrued liabilities | 311,395 | 222,694 | 88,701 | 39.8% |
| Debt | 1,951,292 | 2,042,039 | (90,747) | -4.4% |
| Deferred government transfer | 1,254,043 | 1,137,878 | 116,165 | 10.2% |
| Employee future benefits | 86,408 | 78,251 | 8,157 | 10.4% |
| Deferred concessionaire credits | 624,808 | 642,215 | (17,407) | -2.7% |
| Golden Ears Bridge contractor liability | 1,042,007 | 1,032,744 | 9,263 | 0.9% |
| Deferred lease inducements | 3,729 | 1,650 | 2,079 | 126.0% |
| **NON-FINANCIAL ASSETS** | | | | |
| Tangible capital assets | $ 4,453,281 | $ 4,391,311 | $ 61,970 | 1.4% |
| Supplies inventory | 38,593 | 37,843 | 750 | 2.0% |
| Prepaid expenses | 13,202 | 8,431 | 4,771 | 56.6% |

### *Financial Assets*

Cash and investments (unrestricted) balances have increased due to property tax revenue received in August.

Accounts receivable has decreased by $34.5 million primarily due to payments received from the Federal Build Canada Fund and reflected fluctuations in the fuel tax sales receivable.

Restricted cash and investments increased by $71.6 million primarily due to the receipt of Gas Tax Funding contributions. Gas Tax Fund are received in advance and held in restricted funds until the funds are spent on the specified capital assets.

### *Liabilities*

Accounts payable and accrued liabilities will typically increase in the third quarter from the unearned property tax revenue as TransLink received payment for the full 2013 calendar year in August.

Debt has decreased by $90.7 million primarily due to debt repayments of $94.3 million offset by debt proceeds of $2.1 million related to capital leased assets.

Deferred government transfer has increased $116.2 million primarily due to the receipt of Gas Tax contributions, which are used to fund specified capital assets. The receipts are held as deferred until the asset holding period stipulated in the agreement has been met and revenue is then recognized.

Deferred concession credits represent funding provided by the Canada Line Concessionaire. This balance is amortized to income on a straight line basis over the operating term of the concessionaire agreement which will expire in July 2040.

The Golden Ears Bridge contractor liability has increased as interest accumulates on the outstanding balance until principal payments commence in 2015.

Deferred lease inducements primarily represent tenant inducements related to TransLink's new head office. This balance is amortized as a reduction of rental expense over the lease term to 2033.

***Non-Financial Assets***

Tangible capital assets have increased by $62.0 million primarily as a net result of the $186.5 million in additions offset by the amortization expense of $123.9 million. The additions of $186.5 million were primarily comprised of $32.9 million of vehicles, $14.4 million of TransLink head office leasehold improvements, $8.9 of building improvements, $7.9 million of equipment, $7.0 million of CCTV bus cameras, $6.0 million of SkyTrain system upgrades, $1.4 of information systems, and the remaining additions of $108.0 million related to work in progress. Additions to work in progress are primarily comprised of $34.2 million related to Compass Card and Fare Gates and $46.5 million related to TransLink's Evergreen Line assets.

## 6. Liquidity and Capital Resources

***Cash Flows and Liquidity***

The liquidity position improved due to the property tax revenues received in August.

Unrestricted cash and near cash equivalent investments, such as money market funds, were as follows:

| | Sept 30 2013 | Dec 31 2012 | Change |
|---|---|---|---|
| Cash | $209,377 | $187,093 | +$22,284 |
| Investments – unrestricted (near cash equivalent) | $126,045 | $84,851 | +$41,194 |
| | $335,422 | $271,944 | +$63,478 |

TransLink's liquidity position is further supported by a $500 million commercial paper program, of which only $60 million has been issued.

***Debt***

TransLink's debt management policy includes self-imposed debt coverage and debt service coverage limits. TransLink continues to remain within these limits.

Maintaining a high-quality credit rating is essential to ensure that TransLink's can continue to access capital markets in a most cost-effective basis when it needs to borrow to fund capital program. The following table summarizes TransLink's current credit ratings and outlooks:

| Agency | Commercial Paper | Senior Debt | General Obligation | Outlook |
|---|---|---|---|---|
| DBRS Limited | R-1 mid | AA | AA | Stable |
| Moody's Investors Service | Not rated | Aa2 | Aa2 | Stable |

# 7. Appendices and Consolidated Financial Statements

## Schedule 1 Consolidated Financial Statements

### SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Financial Position
(in thousands of dollars)

September 30, 2013, with comparative information for December 31, 2012

| | September 30 2013 | December 31 2012 |
|---|---|---|
| **FINANCIAL ASSETS** | | |
| Cash | $ 209,377 | $ 187,093 |
| Accounts receivable | 72,546 | 107,037 |
| Restricted cash and investments | 431,466 | 359,896 |
| Investments | 148,739 | 114,271 |
| Debt reserve deposits | 40,697 | 41,263 |
| | 902,825 | 809,560 |
| **LIABILITIES** | | |
| Accounts payable and accrued liabilities | 311,395 | 222,694 |
| Debt | 1,951,292 | 2,042,039 |
| Deferred government transfer | 1,254,043 | 1,137,878 |
| Employee future benefits | 86,408 | 78,251 |
| Deferred concessionaire credits | 624,808 | 642,215 |
| Golden Ears Bridge contractor liability | 1,042,007 | 1,032,744 |
| Deferred lease inducements | 3,729 | 1,650 |
| | 5,273,682 | 5,157,471 |
| **NET DEBT** | (4,370,857) | (4,347,911) |
| **NON-FINANCIAL ASSETS** | | |
| Tangible capital assets | $ 4,453,281 | $ 4,391,311 |
| Supplies inventory | 38,593 | 37,843 |
| Prepaid expenses | 13,202 | 8,431 |
| | 4,505,076 | 4,437,585 |
| Accumulated Surplus | $ 134,219 | $ 89,674 |

## SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Operations
(in thousands of dollars)

Nine months ended September 30, 2013, with comparative information for September 30, 2012

| | 2013 Budget | 2013 Actual | 2012 Actual (restated) |
|---|---|---|---|
| Revenue: | | | |
| Taxation | $ 538,465 | $ 548,942 | $ 528,985 |
| Transit | 372,101 | 371,414 | 344,678 |
| Golden Ears Bridge tollings | 29,906 | 29,752 | 29,223 |
| Emissions testing | 15,764 | 15,404 | 15,774 |
| Government transfers | 64,281 | 62,489 | 60,489 |
| Amortization of deferred concessionaire credit | 17,248 | 17,407 | 17,470 |
| Interest income | 27,127 | 24,807 | 22,632 |
| Miscellaneous revenue | 1,301 | 3,375 | 4,446 |
| Gain (loss) on disposal of tangible capital assets | - | (141) | 41,230 |
| | 1,066,193 | 1,073,449 | 1,064,927 |
| Expenses: | | | |
| Aircare | 12,885 | 12,020 | 12,374 |
| Bus division | 584,511 | 562,964 | 570,932 |
| Corporate | 60,758 | 56,762 | 46,227 |
| Rail division | 263,788 | 251,054 | 242,717 |
| Roads & Bridges | 165,949 | 124,712 | 131,929 |
| Transit Police | 23,220 | 21,392 | 20,020 |
| | 1,111,111 | 1,028,904 | 1,024,199 |
| Surplus (deficit) for the period | (44,918) | 44,545 | 40,728 |
| Accumulated surplus, beginning of year | 82,817 | 89,674 | 99,029 |
| Accumulated surplus, end of period | $ 37,899 | $ 134,219 | $ 139,757 |

## SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Changes in Net Debt
(in thousands of dollars)

Nine months ended September 30, 2013, with comparative information for September 30, 2012

| | 2013 Actual | 2012 Actual |
|---|---|---|
| Surplus for the period | $ 44,545 | $ 40,728 |
| Acquisition of tangible capital assets | (186,481) | (106,852) |
| Amortization of tangible capital assets | 123,906 | 116,928 |
| (Gain) loss on disposal of tangible capital assets | 141 | (41,230) |
| Net proceeds (costs) from disposal of capital assets | (141) | 89,378 |
| Write down of tangible capital assets | 605 | - |
| | (61,970) | 58,224 |
| Change in supplies inventory | (750) | (56) |
| Change in prepaid expenses | (4,771) | (5,614) |
| | (5,521) | (5,670) |
| Decrease (increase) in net debt | (22,946) | 93,282 |
| Net debt, beginning of year | (4,347,911) | (4,374,261) |
| Net debt, end of period | $ (4,370,857) | $ (4,280,979) |

**SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY**

Consolidated Statement of Cash Flows
(in thousands of dollars)

Nine months ended September 30, 2013, with comparative information for September 30, 2012

| | 2013 | 2012 (restated) |
|---|---|---|
| Cash provided by (used for): | | |
| Operating Transactions: | | |
| Surplus for the period | $ 44,545 | $ 40,728 |
| Non-cash charges to operations | 69,733 | 25,406 |
| Changes in non-cash operating working capital | 125,828 | 60,258 |
| Net change in cash from operating transactions | 240,106 | 126,392 |
| Capital Transactions: | | |
| Purchase of capital assets | (93,999) | (94,537) |
| Purchase of capital assets funded by government transfers | (92,482) | (12,315) |
| Net proceeds (costs) from disposal of capital assets | (141) | 89,378 |
| Net change in cash from capital transactions | (186,622) | (17,474) |
| Investing Transactions: | | |
| Increase in restricted cash and investments | (71,570) | (86,349) |
| Increase in investments | (34,468) | (201,694) |
| Decrease (increase) in debt reserve deposits | 566 | (951) |
| Net change in cash from investing transactions | (105,472) | (288,994) |
| Financing Transactions: | | |
| Debt proceeds | 2,094 | 253,295 |
| Premiums on financing | - | 1,322 |
| Repayments of debt | (94,251) | (47,349) |
| Government transfers received for capital additions | 163,925 | 3,083 |
| Lease (setup costs) inducements received | 2,504 | (92) |
| Net change in cash from financing transactions | 74,272 | 210,259 |
| Increase in cash | 22,284 | 30,183 |
| Cash, beginning of year | 187,093 | 94,290 |
| Cash, end of period | $ 209,377 | $ 124,473 |

## SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Cash Flows (continued)
(in thousands of dollars)

Nine months ended September 30, 2013, with comparative information for September 30, 2012

| | 2013 | 2012 (restated) |
|---|---|---|
| Non-cash charges to operations: | | |
| Amortization of capital assets | $ 123,906 | $ 116,928 |
| Amortization of bond discount | 989 | 2,252 |
| Amortization of debt issue cost | 421 | 804 |
| Amortization of deferred concessionaire credits | (17,407) | (17,470) |
| Amortizaton of deferred government transfers | (47,760) | (45,348) |
| Amortizaton of deferred lease inducements | (425) | - |
| Interest accretion on contractor liability | 9,263 | 9,470 |
| Writedown of tangible capital assets | 605 | - |
| (Gain) loss on disposal of tangible capital assets | 141 | (41,230) |
| | $ 69,733 | $ 25,406 |
| Changes in non-cash operating working capital: | | |
| Decrease (increase) in accounts receivable | $ 34,491 | $ (1,504) |
| Increase in supplies inventory | (750) | (56) |
| Increase in prepaid expenses | (4,771) | (5,438) |
| Increase in accounts payable and accrued liabilities | 88,701 | 60,663 |
| Employee future benefit payable | 8,157 | 6,593 |
| | $ 125,828 | $ 60,258 |

**TransLink**
**Segment Report**
**Nine months ended September 30, 2013**
**(in thousands of dollars)**

| | Aircare | Bus division | Corporate | Rail division | Road & Bridge | Transit Police | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|
| Revenues | | | | | | | | |
| Taxation | $ - | $ - | $ 548,942 | $ - | $ - | $ - | $ 548,942 | $ 528,985 |
| Transit | - | - | 371,414 | - | - | - | 371,414 | 344,678 |
| Golden Ears Bridge tollings | - | - | - | - | 29,752 | - | 29,752 | 29,223 |
| Emissions testing | 15,404 | - | - | - | - | - | 15,404 | 15,774 |
| Government transfers | - | - | 62,400 | - | 89 | - | 62,489 | 60,489 |
| Amortization of deferred concessionaire credit | - | - | - | 17,407 | - | - | 17,407 | 17,470 |
| Interest income | - | - | 24,807 | - | - | - | 24,807 | 22,632 |
| Miscellaneous revenue | - | 1,809 | 1,101 | 363 | 2 | 100 | 3,375 | 4,446 |
| Gain (loss) on disposal of tangible capital assets | - | (141) | - | - | - | - | (141) | 41,230 |
| | 15,404 | 1,668 | 1,008,664 | 17,770 | 29,843 | 100 | 1,073,449 | 1,064,927 |
| Expenses | | | | | | | | |
| Administration | 204 | 8,210 | 6,169 | 1,724 | 267 | 1,429 | 18,003 | 17,816 |
| Amortization of capital assets | - | 60,378 | 5,534 | 43,859 | 14,125 | 10 | 123,906 | 116,928 |
| Capital infrastructure contributions | - | - | - | - | 20,468 | - | 20,468 | 20,286 |
| Contracted services | 10,806 | 48,638 | - | 84,179 | 8,398 | - | 152,021 | 152,010 |
| Fuel and power | - | 42,498 | - | 9,166 | - | - | 51,664 | 49,950 |
| Insurance | 2 | 8,956 | 122 | 3,096 | 845 | 29 | 13,050 | 13,572 |
| Interest | - | 39,225 | 3,599 | 28,501 | 59,451 | 8 | 130,784 | 133,953 |
| Maintenance, materials and utilities | 7 | 35,676 | 940 | 19,988 | 17,700 | 792 | 75,103 | 83,296 |
| Professional & legal | 29 | 1,493 | 4,023 | 871 | 1,962 | 342 | 8,720 | 10,796 |
| Rentals, leases and property tax | 99 | 11,123 | 14,816 | 10,493 | 49 | 1,016 | 37,596 | 27,626 |
| Salaries, wages and benefits | 873 | 306,767 | 21,559 | 48,572 | 1,447 | 17,766 | 396,984 | 397,966 |
| Write-down of tangible capital assets | - | - | - | 605 | - | - | 605 | - |
| | 12,020 | 562,964 | 56,762 | 251,054 | 124,712 | 21,392 | 1,028,904 | 1,024,199 |
| Surplus (deficit) for the period | $ 3,384 | $ (561,296) | $ 951,902 | $ (233,284) | $ (94,869) | $ (21,292) | $ 44,545 | $ 40,728 |

# Schedule 2 Funded Statement of Operations

**TransLink (Excluding AirCare)**
**2013 Revenue and Expenditure Summary Statement**
**On a Funded Basis**
**$000's**

| | YTD 2012 Actual | YTD 2013 Actual | Year over Year Change | Year over Year % | YTD 2013 Budget | Budget Variance Fav./ (Unfav.) | Budget Variance % | ANNUAL 2013 Forecast | ANNUAL 2013 Budget | ANNUAL Fav./(Unfav.) to Budget |
|---|---|---|---|---|---|---|---|---|---|---|
| **A. Revenues and Expenditures** | | | | | | | | | | |
| **Revenues** | | | | | | | | | | |
| **Transit Revenues** | 344,678 | 371,414 | 26,736 | 7.8% | 372,101 | (687) | (0.2%) | 500,712 | 500,616 | 96 |
| **Golden Ears Bridge Toll Revenues** | 29,223 | 28,752 | 529 | 1.8% | 29,906 | (154) | (0.5%) | 39,515 | 40,111 | (596) |
| **Taxation** | | | | | | | | | | |
| Fuel | 246,596 | 256,929 | 11,333 | 4.6% | 248,763 | 8,166 | 3.3% | 341,569 | 335,136 | 6,433 |
| Property and Replacement | 229,048 | 235,554 | 6,505 | 2.8% | 235,516 | 38 | 0.0% | 314,064 | 314,064 | - |
| Hydro Levy | 14,239 | 14,307 | 68 | 0.5% | 14,474 | (167) | (1.2%) | 19,351 | 19,518 | (167) |
| Parking Sales | 40,102 | 42,152 | 2,051 | 5.1% | 39,713 | 2,440 | 6.1% | 55,615 | 52,910 | 2,705 |
| **Total Taxation Revenue** | **528,984** | **548,942** | **19,958** | **3.8%** | **538,465** | **10,477** | **1.9%** | **730,599** | **721,627** | **8,972** |
| **Interest Income** | 2,772 | 3,429 | 657 | 23.7% | 5,017 | (1,588) | (31.7%) | 4,568 | 7,336 | (2,768) |
| **Operating Contribution** | 14,940 | 14,729 | (212) | (1.4%) | 14,475 | 254 | 1.8% | 19,784 | 19,497 | 287 |
| **Miscellaneous Revenue** | 2,837 | 3,375 | 538 | - | 1,301 | 2,074 | 159.4% | 4,776 | 1,713 | 3,063 |
| **Gain on disposal** | 41,230 | (141) | (41,371) | (100.3%) | - | (141) | - | - | 13,000 | (13,000) |
| **Total Revenues** | **966,274** | **971,500** | **5,226** | **0.5%** | **961,265** | **10,235** | **1.1%** | **1,299,954** | **1,303,899** | **(3,946)** |
| **Expenditures** | | | | | | | | | | |
| **Roads & Bridges** | | | | | | | | | | |
| Major Road Network Operation | 25,708 | 17,684 | (8,024) | (31.2%) | 18,365 | 681 | 3.7% | 24,019 | 30,018 | 5,999 |
| Golden Ears Bridge Operations | 9,065 | 9,436 | 370 | 4.1% | 10,290 | 854 | 8.3% | 12,717 | 13,506 | 789 |
| Admin | 1,953 | 3,548 | 1,595 | 81.7% | 7,545 | 3,997 | 53.0% | 5,330 | 10,109 | 4,779 |
| **Total Roads & Bridges** | **36,727** | **30,668** | **(6,059)** | **(16.5%)** | **36,201** | **5,532** | **15.3%** | **42,066** | **53,633** | **11,567** |
| **Transit** | | | | | | | | | | |
| **Bus Division** | | | | | | | | | | |
| Coast Mountain Bus Company | 403,812 | 411,864 | 8,051 | 2.0% | 426,914 | 15,050 | 3.5% | 553,484 | 570,631 | 17,148 |
| Access Transit | 36,601 | 37,398 | 798 | 2.2% | 37,778 | 380 | 1.0% | 49,884 | 50,358 | 474 |
| Other Contractors | 14,406 | 14,098 | (307) | (2.1%) | 14,754 | 655 | 4.4% | 18,928 | 19,566 | 638 |
| **Total Bus Division** | **454,819** | **463,360** | **8,542** | **1.9%** | **479,446** | **16,085** | **3.4%** | **622,296** | **640,556** | **18,260** |
| **Rail Division** | | | | | | | | | | |
| Expo & Millennium Lines | 75,085 | 75,579 | 495 | 0.7% | 81,129 | 5,550 | 6.8% | 103,003 | 109,163 | 6,160 |
| West Coast Express | 22,157 | 23,501 | 1,345 | 6.1% | 23,724 | 223 | 0.9% | 32,173 | 31,964 | (209) |
| Canada Line | 79,906 | 79,613 | (293) | (0.4%) | 82,121 | 2,508 | 3.1% | 106,775 | 109,954 | 3,179 |
| **Total Rail Division** | **177,148** | **178,694** | **1,546** | **0.9%** | **186,974** | **8,281** | **4.4%** | **241,951** | **251,081** | **9,130** |
| **Total Transit** | **631,966** | **642,054** | **10,088** | **1.6%** | **666,420** | **24,366** | **3.7%** | **864,247** | **891,637** | **27,390** |
| **TransLink** | 52,845 | 48,549 | (4,295) | (8.1%) | 51,518 | 2,969 | 5.8% | 71,537 | 90,934 | 19,397 |
| **Transit Police** | 19,954 | 21,374 | 1,420 | 7.1% | 23,198 | 1,824 | 7.9% | 30,418 | 31,224 | 806 |
| **Provision for Contingencies and Reinvestments** | - | - | - | - | - | - | - | 8,881 | 9,900 | 1,019 |
| **Interest Expense** | 83,856 | 80,512 | (3,344) | (4.0%) | 83,726 | 3,213 | 3.8% | 107,495 | 112,649 | 5,154 |
| **Depreciation Expense** | 5,951 | 6,642 | 691 | 11.6% | 8,438 | 1,795 | 21.3% | 8,913 | 11,985 | 3,072 |
| **Debt Repayment** | 72,633 | 69,718 | (2,915) | (4.0%) | 75,922 | 6,204 | 8.2% | 93,375 | 106,627 | 13,252 |
| **GEB Capital Payments** | 40,674 | 40,997 | 323 | 0.8% | 41,290 | 293 | 0.7% | 54,911 | 55,204 | 293 |
| **Total Expenditures** | 944,607 | 940,515 | (4,092) | (0.4%) | 986,712 | 46,197 | 4.7% | 1,281,833 | 1,363,793 | 81,960 |
| **Annual Surplus/(Deficit) before AirCare** | **21,667** | **30,985** | **9,318** | **(43.0%)** | **(25,448)** | **56,432** | **221.8%** | **18,120** | **(59,894)** | **78,014** |
| **B. Cumulative Funded Surplus** | | | | | | | | | | |
| **Opening Balance** | **287,720** | **294,793** | **7,073** | **2.5%** | **275,000** | **19,793** | **7.2%** | **294,793** | **275,000** | **19,793** |
| **Surplus/(Deficit) for the year** | **21,667** | **30,985** | **9,318** | **43.0%** | **(25,448)** | **56,432** | **221.8%** | **18,120** | **(59,894)** | **78,014** |
| **Closing Balance** | **309,387** | **325,778** | **16,391** | **5.3%** | **249,552** | **76,225** | **30.5%** | **312,913** | **215,106** | **97,807** |

* The funded statement of operations does not include AirCare as it is a self-funded program

# Appendix 1 Bus Operations

| | YTD Q3 2012 Actual | YTD Q3 2013 Actual | Fav./(Unfav.) Year over Year | YTD Q3 2013 Budget | Fav./(Unfav.) Actual vs. Target |
|---|---|---|---|---|---|
| **CONVENTIONAL TRANSIT (BUS)** | | | | | |
| **Customer** | | | | | |
| Overall performance rating out of 10 | 7.7 | 7.7 | - | 7.6 | 0.1 |
| Complaints per 1 million boarded passengers | 104.4 | 123.3 | (18.9) | 101.7 | (21.6) |
| Preventable collisions per million kms. | 8.9 | 7.6 | 1.3 | 8.9 | 1.3 |
| Perception of Safety (On-Board & At stops and exchanges) out of 10 | 8.4 | 8.5 | 0.1 | 8.5 | - |
| Delivered service hours/scheduled | 99.63% | 99.44% | (0.19%) | 99.50% | (0.06%) |
| **Internal Effectiveness** | | | | | |
| Operating Cost per capacity kilometre | $0.115 | $0.117 | $(0.002) | $0.122 | $0.005 |
| Mean distance between vehicle failures | 27,626 | 25,814 | (1,812) | 31,651 | (5,837) |
| **People** | | | | | |
| Lost time frequency (per 200,000 hours worked) | 6.75 | 7.23 | (0.48) | 5.49 | (1.74) |
| **Service Statistics** | | | | | |
| Service Hours | 3,711,987 | 3,646,005 | (65,982) | 3,686,474 | (40,469) |
| Service Kilometres | 72,353,653 | 72,417,170 | 63,517 | 72,558,794 | (141,624) |
| **CMBC** | | | | | |
| **Customer** | | | | | |
| Overall performance rating out of 10 | 7.7 | 7.7 | - | 7.6 | 0.1 |
| Complaints per 1 million boarded passengers | 105.2 | 123.9 | (18.7) | 105.7 | (18.2) |
| Preventable collisions per million kms. | 9.0 | 7.4 | 1.6 | 4.2 | (3.2) |
| Perception of Safety (On-Board & At stops and exchanges) out of 10 | 8.4 | 8.5 | 0.1 | 8.5 | - |
| Delivered service hours/scheduled | 99.62% | 99.42% | (0.20%) | 99.50% | (0.08%) |
| **Internal Effectiveness** | | | | | |
| Operating Cost per capacity kilometre | $0.116 | $0.118 | $(0.002) | $0.135 | $0.017 |
| Mean distance between vehicle failures | 29,677 | 27,867 | (1,810) | 31,651 | (3,784) |
| **People** | | | | | |
| Lost time frequency (per 200,000 hours worked) | 6.75 | 7.23 | (0.48) | 5.49 | (1.74) |
| **Service Statistics** | | | | | |
| Service Hours | 3,547,582 | 3,482,189 | (65,393) | 3,521,915 | (39,726) |
| Service Kilometres | 68,724,280 | 68,748,301 | 24,021 | 68,885,294 | (136,993) |
| **CONTRACTED SERVICES** | | | | | |
| **Customer** | | | | | |
| Overall performance rating out of 10 | 8.3 | 8.2 | (0.1) | - | - |
| Complaints per 1 million boarded passengers | 80.7 | 104.5 | (23.8) | - | - |
| Preventable collisions per million kms. | 7.2 | 11.2 | 4.0 | - | - |
| Perception of Safety (On-Board & At stops and exchanges) out of 10 | 8.9 | 8.9 | - | - | - |
| Delivered service hours/scheduled | 99.96% | 99.81% | (0.15%) | 99.95% | (0.14%) |
| **Internal Effectiveness** | | | | | |
| Operating Cost per capacity kilometre | $0.103 | $0.100 | $0.003 | $0.105 | $0.005 |
| Mean distance between vehicle failures | 11,978 | 10,855 | (1,123) | - | - |
| **Service Statistics** | | | | | |
| Service Hours | 164,405 | 163,816 | (589) | 164,559 | (743) |
| Service Kilometres | 3,629,373 | 3,668,869 | 39,496 | 3,673,500 | (4,631) |
| **ACCESS TRANSIT** | | | | | |
| **Customer** | | | | | |
| Overall performance rating out of 10 | 8.4 | 8.3 | (0.1) | - | - |
| Complaints per 1 million boarded passengers | 961.9 | 1,022.9 | (61.0) | 865.3 | (157.6) |
| Preventable collisions per million kms. | 12.6 | 10.4 | 2.2 | - | - |
| Perception of Safety (On-Board & At stops and exchanges) out of 10 | 9.0 | 9.0 | - | - | - |
| Delivered service hours/scheduled | 100.00% | 100.00% | - | 100.00% | - |
| **Service Statistics** | | | | | |
| Service Hours | 440,272 | 442,491 | 2,219 | 448,501 | (6,010) |
| Service Kilometres | 7,396,498 | 7,230,466 | (166,032) | 7,542,700 | (312,234) |

## Appendix 2 Rail Operations

| | YTD Q3 2012 Actual | YTD Q3 2013 Actual | Fav./(Unfav.) Year over Year | YTD Q3 2013 Budget | Fav./(Unfav.) Actual vs. Target |
|---|---|---|---|---|---|
| **TOTAL RAIL** | | | | | |
| **Customer** | | | | | |
| Overall performance rating out of 10 | 8.4 | 8.3 | (0.1) | 8.3 | - |
| **Complaints per 1 million boarded passengers** | 9.5 | 13.3 | (3.8) | 8.1 | (5.2) |
| On-time performance % (within 2 minutes) Expo/Millenium | 95.80% | 95.40% | (0.40%) | 94.50% | 0.90% |
| On-time performance % (within 5 minutes) WCE | 96.70% | 97.90% | 1.20% | 97.50% | 0.40% |
| Collisions and derailments per million kms. | 0.03 | 0.03 | - | - | - |
| Perception of Safety (On-Board & At stops and exchanges) out of 10 | 8.2 | 8.3 | 0.1 | 7.6 | 0.7 |
| **Internal Effectiveness** | | | | | |
| Operating Cost per capacity kilometre | $0.038 | $0.040 | $(0.002) | $0.042 | $0.002 |
| Mean distance between vehicle failures | 803,419 | 850,672 | 47,253 | 614,618 | 236,054 |
| Overall mystery shopper score | 92.0% | 92.9% | 0.9% | 92.2% | 0.7% |
| **People** | | | | | |
| Lost time frequency (per 200,000 hours worked) | 4.02 | 4.31 | (0.29) | 3.20 | (1.11) |
| **Service Statistics** | | | | | |
| Service Hours | 1,041,146 | 1,005,958 | (35,188) | 997,366 | 8,592 |
| Service Kilometres | 41,043,178 | 39,632,044 | (1,411,134) | 39,281,711 | 350,333 |
| **West Coast Express** | | | | | |
| **Customer** | | | | | |
| Overall performance rating out of 10 | 8.6 | 8.5 | (0.1) | - | - |
| **Complaints per 1 million boarded passengers** | 167.5 | 194.7 | (27.2) | 174 | (20.7) |
| Service reliability (% service hours delivered) | 99.9% | 100.2% | 0.3% | 99.9% | 0.3% |
| On-time performance within 5 minutes | 96.7% | 97.9% | 1.2% | 97.5% | 0.4% |
| Collisions & Derailments per million kms. | - | - | - | - | - |
| Perception of Safety (On-Board & At stops and exchanges) out of 10 | - | - | - | - | - |
| **Internal Effectiveness** | | | | | |
| Operating Cost per capacity kilometre | $0.083 | $0.084 | $(0.001) | $0.164 | $0.080 |
| Mean distance between vehicle failures | 173,591 | 258,216 | 84,625 | 48 | 258,168 |
| Overall mystery shopper score | 86.0% | 90.4% | 4.4% | 229,884.0% | (229,793.6%) |
| **People** | | | | | |
| Lost time frequency (per 200,000 hours worked) | - | - | - | - | - |
| **Service Statistics** | | | | | |
| Service Hours | 31,134 | 30,934 | (200) | 30,916 | 18 |
| Service Kilometres | 1,119,983 | 1,110,884 | (9,099) | 1,111,666 | (782) |
| **Expo & Millenium Line** | | | | | |
| **Customer** | | | | | |
| Overall performance rating out of 10 | 8.2 | 8.1 | (0.1) | 8.3 | (0.2) |
| **Complaints per 1 million boarded passengers** | 5.5 | 7.6 | (2.1) | 5.1 | (2.5) |
| Service reliability (% service hours delivered) | 99.8% | 99.5% | (0.3%) | 99.8% | (0.3%) |
| On-time performance % | 95.8% | 95.4% | (0.4%) | 94.5% | 0.9% |
| Collisions & Derailments per million kms. | 0.03 | 0.03 | - | - | - |
| Perception of Safety (On-Board & At stops and exchanges) out of 10 | 7.9 | 8.1 | 0.2 | 7.7 | 0.4 |
| **Internal Effectiveness** | | | | | |
| Operating cost per passenger km. | $0.122 | $0.127 | $(0.005) | $0.123 | (0.00) |
| Operating cost (excluding energy) per passenger km. | $0.111 | $0.115 | $(0.004) | $0.112 | $(0.003) |
| Operating Cost per capacity kilometre | $0.022 | $0.023 | $(0.001) | $0.025 | $0.002 |
| Boardings per service hour | 69.0 | 68.7 | (0.3) | 75.2 | (6.5) |
| Utilization (Passenger Kms./Capacity Kms.) | 18.1% | 18.1% | - | 20.2% | (2.1%) |
| Mean distance between vehicle failures | 629,828 | 592,456 | (37,372) | 384,734 | 207,722 |
| Overall mystery shopper score | 94.4% | 92.8% | (1.6%) | 91.0% | 1.8% |
| **People** | | | | | |
| Lost time frequency (per 200,000 hours worked) | 4.02 | 4.31 | (0.29) | 3.20 | (1.11) |
| **Service Statistics** | | | | | |
| Service Hours | 863,536 | 829,294 | (34,242) | 819,684 | 9,610 |
| Service Kilometres | 34,800,595 | 33,420,610 | (1,379,985) | 33,033,282 | 387,328 |
| **Canada Line** | | | | | |
| **Customer** | | | | | |
| Overall performance rating out of 10 | 8.7 | 8.7 | - | 8.3 | 0.4 |
| **Complaints per 1 million boarded passengers** | 6.3 | 11.6 | (5.3) | 2.6 | 9.0 |
| Perception of Safety (On-Board & At stops and exchanges) out of 10 | 8.7 | 8.8 | 0.1 | 8.5 | 0.3 |
| **Internal Effectiveness** | | | | | |
| Operating cost per passenger km. | $0.253 | $0.257 | $(0.004) | $0.227 | $(0.030) |
| Operating cost (excluding energy) per passenger km. | $0.253 | $0.257 | $(0.004) | $0.227 | $(0.030) |
| Operating Cost per capacity kilometre | $0.093 | $0.094 | $(0.001) | $0.095 | $0.001 |
| Boardings per service hour | 209.2 | 209.2 | - | 236.3 | (27.1) |
| Utilization (Passenger Kms./Capacity Kms.) | 36.9% | 36.4% | (0.5%) | 41.6% | (5.2%) |
| Contract adherence monitoring | 95.7% | 95.6% | (0.1%) | 98.5% | (2.9%) |
| **Service Statistics** | | | | | |
| Service Hours | 146,476 | 145,730 | (746) | 146,766 | (1,036) |
| Service Kilometres | 5,122,600 | 5,100,550 | (22,050) | 5,136,763 | (36,213) |

# Appendix 3 Allocated Costs between Divisions

**Allocated Cost Breakdown**
**9 Months ending September 30, 2013 (with comparatives for 2012)**

($ thousands)

| | YTD Actual | YTD Actual | Year over Year | | YTD Budget | Variance to Budget | | Annual Forecast | Annual Budget | Variance to Budget | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2012 | 2013 | Change | % | 2013 | Fav./ (Unfav.) | % | 2013 | 2013 | Fav./ (Unfav.) | % |
| Shared services costs allocated [1] | | | | | | | | | | | |
| CMBC | 12,197 | 15,356 | 3,159 | 25.9% | 15,158 | (198) | -1.3% | 21,589 | 20,338 | (1,251) | (6.1%) |
| BCRTC | 241 | 528 | 287 | 54.3% | 480 | (47) | (9.8%) | 732 | 665 | (67) | (10.1%) |
| WCE | 18 | 50 | 32 | 174.8% | 46 | (4) | (9.4%) | 71 | 65 | (5) | (8.2%) |
| Canada Line | - | - | - | - | - | - | - | - | - | - | - |
| Police | 46 | 1,039 | 993 | 2158.6% | 986 | (53) | (5.4%) | 1,406 | 1,323 | (83) | (6.3%) |
| TransLink | (12,502) | (16,973) | (4,471) | 35.8% | (16,671) | 303 | (1.8%) | (23,798) | (22,392) | 1,406 | 6.3% |
| Total | - | - | - | - | - | - | - | - | - | - | - |
| Costs administered by TransLink and allocated to subsidiaries [2] | | | | | | | | | | | |
| CMBC | 13,941 | 11,019 | (2,922) | (21.0%) | 15,451 | 4,432 | 28.7% | 15,899 | 20,601 | 4,703 | 22.8% |
| BCTRC | 3,151 | 2,140 | (1,012) | (0) | 3,615 | 1,476 | 0 | 3,003 | 9,698 | 6,695 | 69.0% |
| WCE | 8,796 | 10,010 | 1,214 | 0 | 9,913 | (97) | (0) | 13,535 | 13,435 | (100) | (0.7%) |
| Canada Line | 1,242 | 1,452 | 209 | | 1,981 | 529 | | 1,929 | 2,641 | 712 | 27.0% |
| Police | - | 664 | 664 | | 791 | 127 | | 991 | 1,206 | 215 | 17.8% |
| Total | 27,131 | 25,284 | (1,846) | -6.8% | 31,751 | 6,466 | 20.4% | 35,357 | 47,582 | 12,225 | 25.7% |
| Total Allocated costs to Subsidiaries from TransLink | | | | | | | | | | | |
| CMBC | 26,138 | 26,375 | 237 | 0.9% | 30,608 | 4,234 | 13.8% | 37,487 | 40,940 | 3,452 | 8.4% |
| BCRTC | 3,392 | 2,667 | (725) | -21.4% | 4,096 | 1,428 | 34.9% | 3,735 | 10,364 | 6,628 | 64.0% |
| WCE | 8,814 | 10,060 | 1,246 | 14.1% | 9,959 | (101) | (1.0%) | 13,606 | 13,500 | (105) | (0.8%) |
| Canada Line | 1,242 | 1,452 | 209 | 16.8% | 1,981 | 529 | 26.7% | 1,929 | 2,641 | 712 | 27.0% |
| Police | 46 | 1,704 | 1,658 | 0.0% | 1,778 | 74 | 4.2% | 2,397 | 2,530 | 132 | 5.2% |
| Total | 39,633 | 42,257 | 2,624 | 6.6% | 48,421 | 6,164 | 12.7% | 59,155 | 69,974 | 10,819 | 15.5% |

[1] Includes Business Technology & Human Resources costs

[2] Includes property tax, building leases, insurance, fare media costs, and compass card operating costs

* Negatives represent allocations out, positives represent allocations in

Over the past few years the Business Technology Group and the Human Resources Division have been centralized at the corporate office under a shared services model to better manage costs. In 2012, it was decided to allocate these shared service costs back to the appropriate divisions. Human Resources costs are allocated based on headcounts whereas Business Technology costs are allocated based on operating usage.